

## Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 SAL-01 OMB-01 DODE-00 PA-03 USIA-12 PRS-01

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R 041623 Z APR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3912

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E. O. 11652: N/ A

TAGS: ECON, EAGR, CI

SUBJECT: CHILE MOVES CLOSER TO FOOD RATIONING

1. SUMMARY: RECENT STATEMENT BY SENIOR GOC OFFICIAL SUPPORTS RUMORS THAT GOC PLANS TO INITIATE RATIONING FOR SOME BASIC FOOD ITEMS AND OTHER ESSENTIAL GOODS BY JULY AND POSSIBLY SOONER. CHILEAN PUBLIC SEEMS TO BE ADJUSTING TO IDEA, PERHAPS IN HOPE THAT PRESENT DISTRIBUTION PROBLEMS WILL THEREBY BE RESOLVED. ESSENTIAL ELEMENT OF PUBLIC COOPERATION WOULD BE CONFIDENCE THAT SYSTEM IS EFFICIENTLY AND IMPARTIALLY ADMINISTERED. END SUMMARY.

2. GOC LEADERS ARE NOW TALKING OF " RATIONALIZATION" OF FOOD DISTRIBUTION SYSTEM BY MID YEAR. AIR FORCE GENERAL BACHELET, NATIONAL SECRETARY FOR DISTRIBUTION, REPORTEDLY TOLD FOREIGN NEWSMEN LAST WEEK THAT DISTRIBUTION OF SOME 24 ITEMS, MOSTLY FOODSTUFFS, WOULD BE " RATIONALIZED" SOME TIME AFTER MAY. BACHELET IMPLIED THAT ORIGINAL RATION LIST WOULD CONTAIN 6 TO 8 ITEMS AND WOULD BE EXPANDED AS THE DISTRIBUTION MECHANISM GETS ORGANIZED. HE SAID DISTRIBUTION WILL BE NON- DISCRIMINATORY.

3. PREPARATORY TO THIS MOVE BACHELET, WITH PRES. ALLENDE' S APPROVAL, HAS ASKED FOR RESIGNATION OF MANAGERS AND SUB- MANAGERS  
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OF ALL MAJOR STATE DISTRIBUTION AGENCIES ( COMPOSED PRIMARILY OF DINAC, GRAHAM, WILLIAMSON BALFOUR, GIBBS, AND DUNCAN FOX). SPECULATION IS THAT MILITARY MEN WILL BECOME HEADS OF SOME AGENCIES AND ONE OR TWO CIVILIAN MANAGERS KEPT ON. LEFTIST EXTREMISTS, SUCH AS MANAGER OF GRAHAM, WHO HAVE FAILED TO COOPERATE WITH BACHELET DURING PAST TWO MONTHS WILL APPARENTLY BE REPLACED. ( COMMENT: THIS COULD FUEL DIFFICULTIES WITHIN UP COALITION, AND GRAHAM MANAGER HAS ALREADY DECLARED HE WILL TAKE UP RESIGNATION REQUEST WITH SOCIALIST PARTY.)

4. DURING EARLY DAYS AT HIS PRESENT POST BACHELET DOWNPLAYED ROLE OF JAPS IN DISTRIBUTION SYSTEM. HOWEVER, IN DISCUSSION WITH FOREIGN CORRESPONDENTS HE REPORTEDLY CALLED JAPS HELPFUL ORGANIZATION IN PREPARING AND FACILITATING " RATIONALIZATION" AND SAID THAT ABOUT HALF CHILEAN POPULATION AT PRESENT DEALS WITH SUPPLY PROBLEMS THROUGH JAPS.

5. COMMENT: THERE ARE ENORMOUS ADMINISTRATIVE DIFFICULTIES TO BE OVERCOME IF RATIONING HERE IS TO BE EFFICIENT, EFFECTIVE AND FAIR. REACTIONS THUS FAR TO BACHELET' S RECENT STATEMENT HAVE BEEN Milder THAN THOSE FOLLOWING EARLIER OFFICIAL STATEMENTS ABOUT RATIONING.  
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